

# Examination Audit Tools



# Mutual Commitment Date

- Discusses the roles and responsibilities of all parties
- Establishes timeframes to provide and evaluate additional information
- Sets a tentative date for completion of the audit



# Preparer Responsibilities during the audit

- Provide timely information
- Take prompt actions
- Bypassing the representative
- Resources:
  - Circular 230
  - Publication 470 (Rev. Proc. 81-38)



# Manager Involvement

- Examiners should provide their manager's name and telephone at the initial appointment
- Elevate impasses, delays and significant concerns that cannot be resolved
- Hold a meeting with the manager at the conclusion of an unagreed audit



# Reducing IRS Penalties

- Common causes:
  - Late payment of tax
  - Late filing of a return
  - Understatement/Underpayment of tax
  - Missing information
- Types of penalty relief:
  - Reasonable Cause
  - Statutory Exceptions
  - Administrative Waivers



# Do Taxes Expire?

- Assessment of tax expires 3 years after the date the return is filed or due
- Time for collection of tax expires 10 years after assessment of the tax
- Limitations on filing claims for refunds/credits of overpayment of tax:
  - 3 years from the filing of the return, or
  - 2 years from the date the tax was paid



# Fast Track Settlement Pilot

- Case under jurisdiction of SB/SE Exam
- Preserves traditional Appeal rights
- Allows Appeals settlement authority under Delegation Order 66
- Chicago, Houston, St. Paul, Philadelphia, central New Jersey, San Diego, Laguna Nigel and Riverside, CA





# Bartering

- What is Bartering?
- Bartering Recordkeeping
- Bartering Tax Considerations
- Reporting Bartering Income





# Abusive Transactions

- Any arrangement, directly or indirectly:
  - Promises tax benefits not allowed by law
  - Makes false statements about tax benefits
  - Manipulates potential ambiguities of law
  - Sets up sham arrangements
- Emerging Developments
  - Original Issue Discount schemes
  - Deductibility of Ponzi scheme losses
  - Conservation easements



# Mortgage Forgiveness Debt Relief Act

- Applies to qualified debt forgiven 2007 - 2012
- Exclusion reduces the taxpayer's cost basis in the home
- Use Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness



# Whistleblower Program

- Tax Relief and Health Care Act of 2006
  - Identify tax problems in the workplace
  - No longer discretionary
  - May be appealed
- Award is 15 to 30 percent of the proceeds
- Filing a Whistleblower Award Claim



# More information on IRS.gov

- Small Business Tax Workshop DVD
- Small Business Resource Guide CD-ROM
- e-News for Tax Professionals
- e-News for Small Businesses
- IRS Phone Forums
- Video and Audio Tax Presentations
- IRS Tax Calendar

